

The Mississippi Subregion

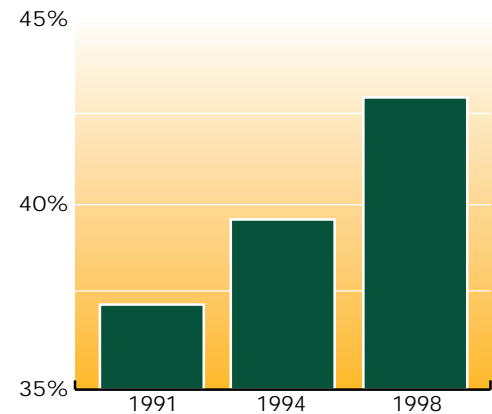
From the late 1980s through the early 1990s, the Mississippi subregion experienced very large increases in manufacturing employment. In addition, the advent of legalized gambling in the '90s strongly stimulated a growth in services; although the main gambling venues are outside the subregion, their effects are felt in greater through-travel and tourism. Gambling-related revenues also allowed state and local governments to increase expenditures on construction. The subregion was strongly affected by the national economy's 1995 slowdown, however, and growth slowed to rates somewhat below those of the entire Valley. That situation is not expected to change next year.

Mississippi's economy reflects trends in two industries, furniture and apparel, which provided over 15 percent of total nonfarm payroll jobs in the subregion in 1991. As the gambling industry matures, services are expected to grow at faster-than-regional rates, although more slowly than in the early 1990s. This sector accounted for only 37 percent of nonfarm payroll jobs in 1991, but its importance to the economy continues to increase (see chart, above right).

The apparel industry is expected to depress growth. It had already been losing employment in the early 1990s, partly because gambling-related expansion created new jobs for workers. Then, in 1994, those losses in the subregional industry rose sharply. Although the rate of decline has slowed, apparel's contraction will cause nondurables employment as a whole to drop in 1998.

Furniture-industry employment increased through 1994 and then declined in 1995 as the national slowdown dampened big-

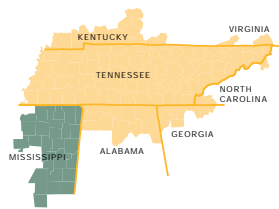
SERVICES AS A PERCENTAGE OF TOTAL NONFARM EMPLOYMENT



Services employment is expected to grow by more than 10 percent during this decade.

ticket purchases. With the resurgence of the national economy, housing and durables sales, but not furniture sales, have risen. One theory is that because furniture retailers have offered terms requiring no down payment and no interest or payment for six months or more, many consumers are just now starting to pay for items purchased up to a year ago. Thus furniture sales and manufacturing are expected to increase only moderately in 1998—although they will remain a crucial part of the economy, represented by companies like River Oaks Furniture, an Edge 100 firm headquartered in the subregion.

The manufacture of other durables should expand more strongly in 1998. Auto-related production especially has been given a boost by the Mercedes-Benz plant in nearby Alabama. Even though these industries as a whole are much smaller than the furniture industry, the upturn in furniture and other durables is expected to yield faster-than-regional growth in durables-manufacturing jobs next year. Still, that expansion will be considerably slower than in the early 1990s.



Master Design Furniture of Europa, Mississippi, produces buffets and china cabinets. In 1996 it expanded operations with the help of a \$500,000 loan from TVA's Economic Development Loan Fund. The company employs 314 workers and expects to add 100 more as a result of the expansion.